



# News @ ARMS

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## Scranton Army Ammunition Plant - Forging Success Through ARMS

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# Scranton Army Ammunition Plant —

**N**estled on 15 acres in Northeastern Pennsylvania, the Scranton Army Ammunition Plant (SCAAP) has been producing projectile metal parts and components for large-caliber cannons and artillery systems for the United States military since 1953.

Originally part of the grounds for the Lackawanna Iron and Coal Company in the mid-1800's, construction first took place on the current SCAAP property in 1857 by the Delaware, Lackawanna and Western Railroad Company (DL&W) as an expansion project for the railroad's Scranton Yard. By 1907, ongoing growth and development of the DL&W engulfed most of the real estate in the immediate area forcing the company to reconfigure and renovate the majority of its buildings and property.

Fully up to date in terms of design and equipment, the Scranton Locomotive Shops began operation in 1909 serving the DL&W until the close of the steam era some three decades later. The development of diesel locomotives during the 1940's and 1950's retired the steam engine to the realm of antiquity, making the progressive locomotive shops of 1909 obsolete by 1951.

It was during this time that the U.S. Army Ordnance Corps acquired the locomotive shops property, and converted the locomotive repair facility into what is now the SCAAP. In 1953, SCAAP began producing 8-inch, 175mm and 155mm projectile metal parts as a Government owned, contractor operated (GOCO) military industrial installation under the direction of the U.S. Hoffman Machinery Corporation.

In 1963, Chamberlain Manufacturing Corporation (CMC) took over as the operating contractor. During the company's 43-year tenure, SCAAP produced and delivered over 23 million projectile metal parts and components ranging in size from 105mm to 8-inch for large-caliber cannons and artillery, as well as aircraft and naval platforms. Chamberlain successfully ran the plant until General Dynamics Ordnance and Tactical Systems acquired the contract to operate SCAAP in July 2006.

SCAAP performs a variety of manufacturing operations including forging, nosing, heat-treating, machining, phosphate and painting, destructive and non-destructive testing, as well as running a very successful Armament Retooling & Manufacturing Support (ARMS) program.

Commercial tool joints produced at SCAAP



Introduced in 2000, ARMS was designed to encourage operating contractors at GOCO ammunition industrial facilities to use and market idle capacity for other types of work, both Government and commercial. The ARMS program allows the operating contractor to market the facility's capabilities as if it were its own.

Unlike ARMS programs at other Army ammunition plants that rent available real estate and infrastructure assets, ARMS at SCAAP is primarily employed to access new product markets, upgrade or modify inactive equipment to meet emerging market requirements, as well as leverage the skilled workforce and underutilized equipment at the plant.

"ARMS has certainly been the key to the door of opportunity in accessing new product markets for SCAAP," said Jim Flaherty, Vice President and General Manager, GD Scranton Operations.

The plant derives many benefits from this product market model, such as overhead cost absorption by new products being produced; exercising of existing equipment which may have otherwise been idle and put into layaway; retention of a valuable and essential employee skill base; and finally the dilution of operating costs as a whole for SCAAP. Since the introduction of ARMS to SCAAP, more than five major programs have been completed with ARMS funding exceeding three million dollars. The tangible return on investment (ROI) to the Army is estimated at over three times that amount or 3 to 1 ROI.



The skills used by the employees of SCAAP are extremely unique in the forging industry. Retaining these employees and skills is critical to our nation's defense as SCAAP is one of only a few of these unique ammunition production plants remaining in the United States.



# Forging Success Through ARMS

A number of commercial products are produced at SCAAP. Currently in production are multiple variations of two main products, tool joints and high-pressure swivel joints.

Tool joints are used in the manufacture of drill pipe for the oil and gas drilling industry, while high-pressure swivel joints are used in the well services industry. Equipment, which would remain idle due to lack of Government work, such as saws, heat-to-forge furnaces, forge presses, rough turn lathes, heat treat equipment, hardness testing equipment, destructive and non-destructive test equipment, and finish machining lathes are all utilized in their production.

The production of these products aids in lowering the overhead applied to all products made at the plant since the additional tonnage forged reduces the applied utility costs, a major part of the plant's overhead. Utility costs are allocated based on pounds forged. The additional tonnage produced under ARMS use agreements, especially from the production of tool joints, helps absorb the utility costs across all products manufactured at the plant and thus helps to reduce the cost for items supplied to the U.S. Military.

Joe Chup, Plant Engineering Manager at GD Scranton Operations, noted that "lowering operating costs while increasing capability is what it's all about and we've been able to do just that in several of our departments while participating in the ARMS program."

One of the most important benefits of the ARMS program, besides bringing commercial production into SCAAP, is the retention of the employee skill base necessary to produce large caliber projectile metal parts for the U.S. military. The skills used by the employees of SCAAP are extremely unique in the forging industry.

The specialized nature of the equipment, the product inspection requirements, and the volume requirement for metal parts production necessitate maintaining a highly trained and skilled employee base. Retaining these employees and skills is critical to our nation's defense as SCAAP is one of only a few of these unique ammunition production plants remaining in the United States.



Painting process at SCAAP

"One of the side benefits to ARMS has been the retention of our highly skilled workforce," said Jeff Brunozzi, Director of Operations, GD Scranton Operations. "And in some commercial programs involving ARMS, we've even been able to add employees with similar skill sets."

General Dynamics completed the acquisition of the Scranton, Pennsylvania division of Chamberlain Manufacturing Corporation on July 7, 2006. At that time the 400 plus employee operation became

the Scranton Operations business unit of General Dynamics Ordnance and Tactical Systems. While the name may have changed, the people remain the same and their mission to provide our military personnel with the best-in-class quality products, on time, and in the most cost effective manner possible continues.



# Marketing Success is "In the Bag" for Openterprise Website

The competition for attracting new business has grown increasingly complex. Delivering the right message to the right decision makers requires innovative thinking and planning.

One of the most effective ways to market ARMS has been the Openterprise website ([www.openterprise.com](http://www.openterprise.com)).

In today's business environment a website is a must, but attracting new users to the website is equally important. A new technique is being employed by the marketing team to increase traffic to the website which we expect will result in visits to specific plant websites and ultimately, to tenant prospects.

The Spring 2007 newsletter was "polybagged" with *Business Xpansion Journal* and mailed to 10,000 recipients. Polybagging refers to packaging the magazine and newsletter into a clear cellophane wrapper for the price of one mailing.

According to *Business Xpansion Journal* Editor, Rachel Duran, the magazine's editorial coverage provides insight and guidance to site selection teams in regard to

managing their expansion and relocation projects. *BXJ's* coverage provides the know-how to carry out successful site searches. Regular articles include Industry Focuses, Annual Focuses and Spotlight On features. The articles discuss issues and trends occurring in various industries. They outline the experiences peer companies are

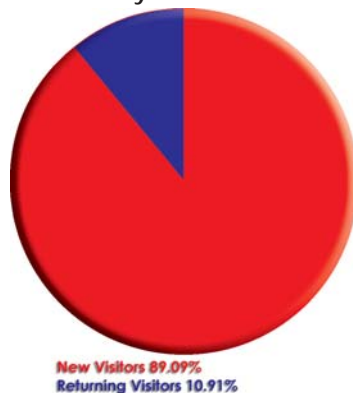
encountering as they select ideal business destinations.

The demographic breakdown of this mailing targeted more heavily to the Midwest and South than the Northeast and West but also included a broad target audience of commercial sectors (see sidebar at left).

These enhanced distribution efforts are clearly reflected in results

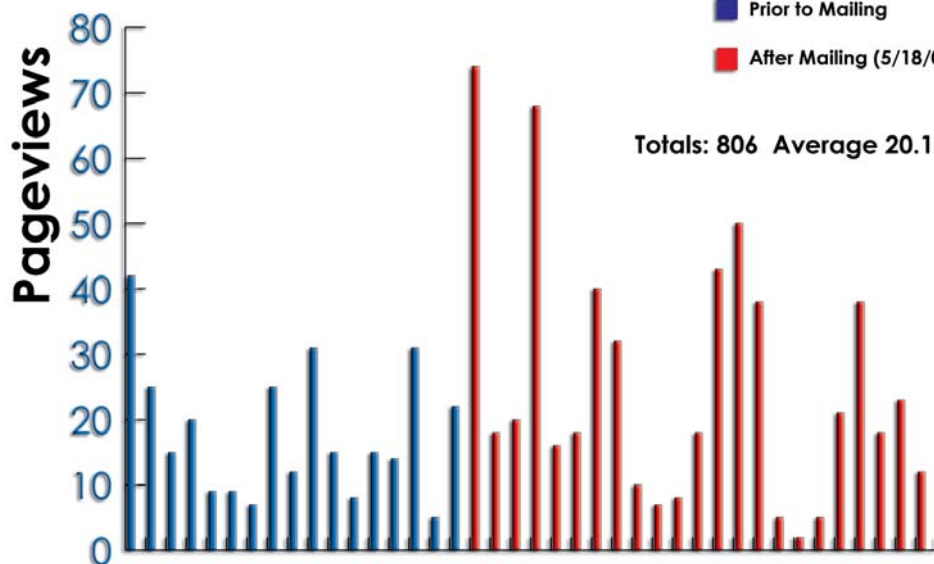
from the website analysis for May 18, 2007 (see graph below). The mailing was targeted for arrival to the prospective reader on May 17<sup>th</sup>. On the day following receipt of the polybag, pages reviewed on each visit increased by over 300%, while page views more than tripled on May 18<sup>th</sup> and May 21<sup>st</sup>. Impressive numbers that increased peak traffic over a three week period - proving that success is "in the bag".

Website Visitor Profile  
May 18 - June 9



■ Prior to Mailing  
■ After Mailing (5/18/07)

Totals: 806 Average 20.15



Date Range - May 1 to June 9



## BXJ Polybag with Spring News@ARMS By the Numbers

### Distribution Demographic

#### Breakdown of Manufacturers:

Food & Kindred Products	4%
Paper/Printing/Publishing & Allied Products	4%
Chemicals/Pharmaceuticals	11%
Rubber & Misc. Plastics	2%
Primary Metals	5%
Fabricated Metal Products	5%
Electronic, Electrical Equip. & Components	8%
Automotive & Aerospace Mfg.	6%
Biotech Companies	6%
Wholesale/Dist./Warehousing/Transportation	5%
Computer/Software	5%
Real Estate Companies	11%
Private Developers	7%
Relocation Companies/Consultants	4%
Consultants/Engineers	14%
Financial/Legal/Professional Services	3%

### Breakdown by Region:

Midwest	41%
Northeast	17%
South	34%
West	8%

Business Xpansion Journal is published 10 times a year.

For more information, visit [www.bxjonline.com](http://www.bxjonline.com)